REMARKS

Applicants reply to the Office Action dated September 22, 2010 within three months. Claims 1-14 and 16-23 are pending in the application and the Examiner rejects claims 1-14 and 16-23 (Applicants assume the cover sheet showing claims 1-23 rejected was a typographical error.). Applicants respectfully request reconsideration of this application.

Rejections under 35 U.S.C § 103

The Examiner rejects claims 1-2, 6-11, 13 and 21 under 35 U.S.C. § 103(a), as being unpatentable over Cannon et al., U.S. Patent No. 6,154,729, ("Cannon"), in view of Lee et al., U.S. Publication No. 2002/0099649 ("Lee") and further in view of Richey et al., U.S. Patent No. 7,356,516 ("Richey"). The Examiner rejects claims 3-5, 12, 14, 16-20 and 22-23 under 35 U.S.C. § 103(a), as being unpatentable over Cannon in view of Lee in view of Richey and in further view of Sharper, U.S. Patent Publication No. 2004/0030644 ("Sharper"). Applicants respectfully disagree with and traverse the Examiner's rejections.

First, as a procedural mater, the Examiner states on page 3 of the Office Action that "In response to argument (1) through (2) and (4) and (6), according to MPEP 2145 (IV), one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references" Applicants respectfully direct the Examiner's attention to the third full paragraph on page 10 stating "Thus, Cannon, Lee, Richey, alone or in combination, do not disclose or contemplate at least "assessing, using the computer-based system, a fee against the merchant for each disputed transaction involving the merchant that exceeds the predetermined threshold ratio, in response to the merchant's ratio being at least equal to the predetermined threshold ratio, wherein the fee is not assessed to all disputed transactions, wherein the fee is set based on a monetary value of each of the disputed credit transactions of the merchant that exceeds the predetermined threshold ratio," as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20." Stated another way, Applicant was not attacking the references individually but merely presenting support for the above statement.

Second, the Examiner on pages 5 and 6 of the Office Action cites paragraph 0019 of Lee which states "'**In addition to** paying a fee for each chargeback, issuing banks can levy fines on merchants having too many chargebacks. Typically 1.5-3.0% of the merchant's chargeback volume, such fines can range from a few hundred dollars per month, to $10,000 or even

$100,000 per month, with fines escalating higher as chargebacks continue unabated.' Note that the individual fees a[ss]essed are a separate fee from the fines for merchants who exceed the range." With all due respect, Applicants respectfully assert that paragraph [0019] of Lee teaches that the individual assessed fees are in addition to the fines assessed. Thus, **Lee explicitly teaches away** from and is thus silent as to "wherein the fee is not assessed to all disputed transactions," as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20.

Third, the Examiner states on page 4 that Applicants argument is "(3) that Lee teaches away from [a] threshold ratios for levying fines." However, with all due respect, Examiner has misstated Applicants' Argument. Applicants argument, reproduced for Examiner's convenience, is "In fact, Lee teaches away from a threshold ratio **being based upon a transaction value amount of each of the disputed credit transactions** by levying **a set fine** based upon total volume (without regard for individual transaction value), such as "1.5-3.0% of the merchant's chargeback volume," (emphasis added). Claim terms must not be interpreted in a vacuum, devoid of the context of the claim as a whole. See *Hockerson-Halberstadt, Inc. v. Converse Inc.*, 183 F.3d 1369, 1374 (Fed. Cir. 1999) ("proper claim construction ... demands interpretation of the entire claim in context, not a single element in isolation."); *ACTV, Inc. v. Walt Disney Co.*, 346 F.3d 1082, 1088 (Fed. Cir. 2003) ("While certain terms may be at the center of the claim construction debate, the context of the surrounding words of the claim also must be considered....").

Further, **the Examiner concedes that "Lee teaches explicitly 'assessing ...a fee... for each disputed transaction'" (on page four of the Office Action) in explicit direct contrast to "wherein the fee is not assessed to all disputed transactions,"** as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20. As stated in 2143.01 VI. II. of the MPEP, "If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious." (*In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)). Thus, Lee is an inappropriate reference for combination with the other cited references and as stated above, Lee explicitly teaches away from and is silent as to "wherein the fee is not assessed to all disputed transactions," as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20.

Moreover, on page 7 of the Office Action the examiner states "Note that Lee teaches a fee for each chargeback and a fine that wherein the transactions exceed a threshold, in that 'having to[o] many chargebacks' implies a threshold in order to define 'to[o] many' ... Note that 'fines are only a[ss]essed for 'to[o]' many', which implies if there are less than 'to[o] many' that a fine is not a[ss]essed for all disputed transactions." Even if this were true, the portion of Lee quoted by the Examiner, as reproduced above, explicitly states "**In addition to paying a fee for each chargeback,**" (paragraph [0019], emphasis added). Thus, with all due respect, Examiner's argument with respect to fines is rendered moot by the explicit recitation of Lee with regard to fees.

Further, Lee is silent as to the "wherein the fee is set based on a monetary value of each of the disputed credit transactions of the merchant that exceeds the predetermined threshold ratio," as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20. Stated another way, Lee is silent as to charging a fee that is set based on the amount of the disputed transaction over a set number of disputed transactions. One exemplary advantage of tying a threshold ratio to transaction value amount is disclosed in Paragraph [0018] of the present application, which states "the threshold ratio may be based on additional factors such as the dollar amount of a transaction, wherein a lower threshold may be applied to higher value transactions." In fact, Lee teaches away from a threshold ratio **being based upon a transaction value amount of each of the disputed credit transactions** by levying **a set fine** based upon total volume (without regard for individual transaction value), such as "1.5-3.0% of the merchant's chargeback volume," (emphasis added).

Cannon generally teaches a "method of reporting merchant information to banks via the World Wide Web including compiling merchant information periodically into reports," (abstract.) The Examiner (at pages 3 and 4 of the Final Office Action) concedes that Cannon does not explicitly teach "...assessing by the computer based system, a fee against the merchant for each disputed transaction involving the merchant that exceeds the predetermined threshold ratio, in response to the merchant's ratio being at least equal to the predetermined threshold ratio; and wherein the predetermined threshold ratio is set based on, at least, a first factor comprising a transaction value amount of each of the disputed credit transactions of the merchant."

Richey generally discloses "A system for facilitating payment transaction disputes is provided" (abstract). The Examiner alleges (at pages 4 and 5 of the Office Action) that Richey

teaches "...wherein the predetermined threshold ratio is set based on, at least, a first factor comprising a transaction value amount of each of the disputed credit transactions of the merchant." However, Applicants respectfully assert that the sections of Richey cited by the Examiner do not disclose a "threshold ratio (of chargebacks) set based on a transaction value amount of each of the disputed credit transactions of the merchant," as recited as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20. With regards to penalties and/or assessed fees Richey is limited to:

> Once a ruling has been made by the analyst, both parties to a dispute are notified of the decision and the fees, penalties and fines levied, if any. Amounts and fees may be divided between the parties to the dispute. The analyst has the discretion to adjust these amounts.

(col. 16, lines 51-5). And

> The online dispute resolution system 10 is able to search on an account number, transaction ID, date range and transaction amount. This flexibility accommodates differences in system dates and any possible fees included in the amount. The online dispute resolution system 10 can also retrieve sales transactions and any associated credits, reversals and adjustments. The search can further be limited by inputting a dollar amount for sales transactions.

(col. 5, lines 26-33, emphasis added).

Though Richey discusses searching transaction amounts or an analyst adjusting a fee, Richey (similar to Lee and Cannon above) is silent to "assessing a fee against the merchant for each disputed transaction involving the merchant that exceeds the predetermined threshold ratio, wherein the fee is not assessed to all disputed transactions, and wherein the fee is set based on a monetary value of each of the disputed credit transactions of the merchant that exceeds the predetermined threshold ratio," as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20.

Thus, Cannon, Lee, Richey, alone or in combination, do not disclose or contemplate at least "assessing, using the computer-based system, a fee against the merchant for each disputed transaction involving the merchant that exceeds the predetermined threshold ratio, in response to the merchant's ratio being at least equal to the predetermined threshold ratio, wherein the fee is not assessed to all disputed transactions, wherein the fee is set based on a monetary value of each of the disputed credit transactions of the merchant that exceeds the predetermined threshold

ratio," as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20.

Dependent claims 2, 6-11, 13 and 21 variously depend from independent claims 1, 14 and 20. Therefore, Applicants assert that dependent claims 1-2, 6-11, 13 and 21 are patentable for at least the same reasons stated above for differentiating independent claims 1, 14 and 20 as well as in view of their own respective features. Accordingly, Applicants respectfully request that the Examiner reconsider and withdraw the rejection of dependent claims 1-2, 6-11, 13 and 21.

Sharper generally teaches "a method for facilitating charge card transactions including evaluating electronically transmitted data relating to a charge card transaction and guaranteeing a charge card transaction that meets certain criteria against risk of loss," (abstract.) Sharper is silent to and thus does not disclose or contemplate at least "assessing, using the computer-based system, a fee against the merchant for each disputed transaction involving the merchant that exceeds the predetermined threshold ratio, in response to the merchant's ratio being at least equal to the predetermined threshold ratio, wherein the fee is not assessed to all disputed transactions, and wherein the fee is set based on a monetary value of each of the disputed credit transactions of the merchant that exceeds the predetermined threshold ratio," as recited by independent claim 1 (emphasis added) and as similarly recited by independent claims 14 and 20.

Thus, Cannon, Lee, Richey, Sharper, alone or in combination, do not disclose or contemplate at least "assessing, using the computer-based system, a fee against the merchant for each disputed transaction involving the merchant that exceeds the predetermined threshold ratio, in response to the merchant's ratio being at least equal to the predetermined threshold ratio, wherein the fee is not assessed to all disputed transactions, and wherein the fee is set based on a monetary value of each of the disputed credit transactions of the merchant that exceeds the predetermined threshold ratio," as recited by independent claim 1 (emphasis added) and similarly recited by independent claims 14 and 20.

Dependent claims 3-5, 12, 16-19 and 22-23 variously depend from independent claims 1, 14 and 20. Therefore, Applicants assert that dependent claims 3-5, 12, 16-19 and 22-23 are patentable for at least the same reasons stated above for differentiating independent claims 1, 14 and 20 as well as in view of their own respective features. Accordingly, Applicants respectfully request that the Examiner reconsider and withdraw the rejection of dependent claims 3-5, 12, 16-19 and 22-23.

When a phrase similar to "at least one of A, B, or C" or "at least one of A, B, and C" is used in the claims or specification, Applicants intend the phrase to mean any of the following: (1) at least one of A; (2) at least one of B; (3) at least one of C; (4) at least one of A and at least one of B; (5) at least one of B and at least one of C; (6) at least one of A and at least one of C; or (7) at least one of A, at least one of B, and at least one of C.

Applicants respectfully submit that the pending claims are in condition for allowance. The Commissioner is hereby authorized to charge any fees which may be required, or credit any overpayment, to Deposit Account No. **19-2814**. Applicants invite the Examiner to telephone the undersigned, if the Examiner has any questions regarding this Reply or the present application in general.

Respectfully submitted,

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By: _____
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